

Message Text

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COMMERCE FOR BIC/OIM PETER B. FIELD

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SUBJECT: PRODUCT THEME RECOMMENDATIONS

1. SUMMARY. DURING MEETING DEVOTED TO PRODUCT THEME RECOMMENDATIONS, EMBASSY ENDEAVORED TO COME UP WITH THEME APPROPRIATE FOR MAY 9 TO 12 OPEN DATE IN U.S. TRADE CENTER (TC) PARIS FY-77 PROMOTION SCHEDULE. WE CONSIDERED FOLLOWING POSSIBILITIES:

A. PET PRODUCTS,

B. EQUIPMENT AND ACCESSORIES FOR PLEASURE BOATS; AND

C. WORD-PROCESSING AND BUSINESS COMMUNICATION EQUIPMENT.

WE CONCLUDED THAT THEME C MOST VIABLE FOR REASONS NOTED BELOW. END SUMMARY.

2. PET PRODUCTS. CRASH MINI-MARKET RESEARCH STUDY BY JAMES WILKES HAS BEEN COMPLETED. PROPOSED THEME WOULD INCLUDE ALL TYPES OF SUPPLIES FOR PETS SUCH AS: FOOD, LEATHER ACCESSORIES, PLASTIC AND METAL ACCESSORIES, DOG KENNELS AND BASKETS, BIRD CAGES, AQUARIUMS, VETERINARIAN PRODUCTS AND EQUIPMENT, AND CLEANING PRODUCTS.

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A. RATIONALE. FRANCE HAS LARGE, UNDEVELOPED PET PRO-

DUCT MARKET AND A RECENT MARKET RESEARCH STUDY FORECASTS THAT BY 1985 FRANCE WILL BE THE LARGEST MARKET IN EUROPE FOR PET FOOD. MARKET FOR PET FOOD ALONE DOUBLED BETWEEN 1970 AND 1974; IN 1975 ESTIMATED CONSUMPTION OF PET FOOD WAS \$132 MILLION. PET FOOD INDUSTRY IN FRANCE IS 90 PER CENT U.S.-CONTROLLED. THERE ARE CURRENTLY SOME 30 FIRMS SELLING PET FOOD AND ACCESSORIES IN FRANCE AND THE COMPETITION IS STIFF. HOWEVER, THE MARKET IS GROWING SO RAPIDLY THAT IT IS NOT SATURATED AND THERE IS ROOM FOR AGGRESSIVE NTM U.S. FIRMS WITH NEW SOPHISTICATED PRODUCTS. ALTHOUGH THERE ARE REAL OPPORTUNITIES FOR DIRECT SALES, TO DATE, LICENSING AND JOINT VENTURE OPERATIONS HAVE TYPIFIED U.S.-FRENCH COMMERCIAL RELATIONSHIPS IN PET PRODUCTS.

B. CONCLUSION. A PET PRODUCT SHOW "ANIMARK" WILL BE HELD MAY 7-10, 1977 IN FRANCE AND THUS A TC SHOW ON THIS THEME WOULD BE INAPPROPRIATE FOR THE EMPTY SLOT IN THE FY-77 PROGRAM. HOWEVER, A TC SHOW IN THE FALL OF 1977 APPEARS TO HAVE GOOD PROSPECTS FOR HIGH SALES. BEFORE A FINAL DECISION ON SUCH A SHOW IS REACHED, A POLL OF THE INDUSTRY IN THE U.S. WOULD BE USEFUL TO DETERMINE IF THE INDUSTRY SHARES EMBASSY'S VIEW.

3. EQUIPMENT AND ACCESSORIES FOR PLEASURE BOATS. EMBASSY UNDERTOOK DESK STUDY TO DETERMINE VIABILITY OF THIS THEME WHICH WOULD INCLUDE: MARINE HARDWARE, FITTINGS AND TRIM, PLUMBING AND GALLEY EQUIPMENT AND FIXTURES, NAVIGATIONAL INSTRUMENTS, BOAT-BUILDING AND MAINTENANCE EQUIPMENT, PREFABRICATED BOATS, SAFETY EQUIPMENT, ETC.

A. RATIONALE. FIGURES CONCERNING FRENCH PRODUCTION OF THESE PRODUCTS ARE SPARSE AND INCOMPLETE. HOWEVER, VIA EXTRAPOLATION OF NON-OFFICIAL FIGURES FROM VARIOUS PROFESSIONAL SOURCES, WE ESTIMATE TOTAL FRENCH PRODUCTION AT \$200 MILLION. IMPORTS ACCOUNT FOR ONLY 15 PER CENT OF APPARENT CONSUMPTION. FRENCH MARKET IS SIGNIFICANTLY LESS DEVELOPED THAN U.S. MARKET AND HAS BEEN GREATLY DEPRESSED SINCE 1973; HOWEVER, INDUSTRY SOURCES UNCLASSIFIED

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ARE OPTIMISTIC FOR 1976, ALTHOUGH FULL EFFECTS OF ECONOMIC RECOVERY WILL NOT BE FELT UNTIL MID-1977.

B. CONCLUSION. WE BELIEVE THAT TC SHOW ON SUBJECT THEME IS NOT ADVISABLE AT THIS TIME FOR FOLLOWING REASONS:

(1) COMPETITION FROM FRENCH AND OTHER EC MANUFACTURERS,

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PARTICULARLY BRITISH, IS VERY STRONG.

(2) THERE IS A LIMITED IMPORTER AND SPECIALIZED
DISTRIBUTOR UNIVERSE.

(3) THERE ARE ALREADY A NUMBER OF IMPORTANT AND WELL-
KNOWN FRENCH AND EUROPEAN PLEASURE BOAT EXPOSITIONS.

(4) THERE ARE STRINGENT FRENCH REGULATIONS CONCERNING
BOATS AND EQUIPMENT WITH WHICH U.S. PRODUCTS WOULD HAVE
TO CONFORM BEFORE THEY COULD BE IMPORTED.

(5) FINALLY AND SIGNIFICANTLY, SINCE 1971 PRACTICALLY
NO U.S. MANUFACTURERS OR FRENCH IMPORTERS FOR THIS TYPE
OF EQUIPMENT HAVE CONTACTED THE EMBASSY REGARDING THE
MARKETING OF SAME IN FRANCE.

4. WORD-PROCESSING AND BUSINESS COMMUNICATION EQUIP-
MENT. MARKET SURVEY FOR BUSINESS EQUIPMENT AND SYSTEMS
PREPARED JULY 1975 FOR OIM BY PLANNING RESEARCH SYSTEMS
LTD. PROVIDED BASE FOR EXAMINATION OF THIS THEME'S
POTENTIAL. THEME WOULD INCLUDE: EDITING TYPEWRITERS,
INPUT-OUTPUT DEVICES, FACSIMILE TRANSCEIVERS, MICRO-FILM
READERS, SMALL COPIERS, COM RECORDERS, READERS, READER
PRINTERS, AUTOMATIC RETRIEVAL SYSTEMS, INTEGRATED

COLLATING MACHINES LINKED TO REPRODUCTION EQUIPMENT,
COORDINATE SYSTEMS OF CUTTERS, SORTERS AND FOLDERS,
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LETTER SORTERS, INTER-OFFICE COMMUNICATION SYSTEMS AND
DICTATING EQUIPMENT.

A. RATIONALE. FRENCH MARKET FOR BUSINESS EQUIPMENT
AND SYSTEMS IS LARGE AND GROWING; SALES OF \$513 MILLION
IN 1974 WILL RISE 14 PER CENT PER ANNUM REACHING APPROXI-
MATELY \$1 BILLION IN 1979. FRENCH MARKET IS ATTRACTIVE
TO FOREIGN SUPPLIERS SINCE IN MANY PRODUCT CATEGORIES
THERE IS LITTLE LOCAL PRODUCTION; IMPORTERS PROVIDED
90 PER CENT OF APPARENT CONSUMPTION IN 1974 AND LITTLE
CHANGE IN THIS RATIO IS FORECAST. U.S. HAS A STRONG
POSITION IN FRENCH MARKET ALTHOUGH DOMINANCE OF U.S.
MANUFACTURERS DOES NOT SHOW IN DIRECT IMPORT FIGURES
SINCE U.S. COMPANIES TEND TO BE MULTI-COUNTRY-BASED
WITH SUPPLIES DELIVERED FROM THIRD COUNTRIES AS WELL AS
FROM U.S. AMERICAN SHARE OF MARKET FOR BUSINESS EQUIP-
MENT AND SYSTEMS IS ESTIMATED AT 74 PER CENT.

B. CONCLUSION.

(1) ALTHOUGH IT MAY APPEAR THAT SUCH A THEME WOULD
INVOLVE TOO LARGE A NUMBER OF OLD-TO-MARKET FIRMS, A
CAREFUL SELECTION OF BUSINESS EQUIPMENT ALONG LINES
INDICATED ABOVE SHOULD PROVIDE GOOD OPPORTUNITY FOR
NEW-TO-EXPORT FIRMS. WE BELIEVE THAT AN EXPOSITION
ORGANIZED AROUND THE SUBJECT THEME WOULD BE APPROPRIATE
FOR THE OPEN MAY 9-12 TC DATE AND SO RECOMMEND. IN
ADDITION, WE RECOMMEND THAT A SPECIAL EFFORT BE MADE TO
ORGANIZE SEMINARS AT THE SHOW TO EXPLAIN THE BENEFIT
OF THIS TYPE OF EQUIPMENT.

(2) IN VIEW OF THE SPECIALIZED NATURE OF THIS THEME,
WE DO NOT BELIEVE THIS SHOW WOULD CONFLICT WITH PRO-
CUREMENT FOR THE BUSINESS EQUIPMENT SHOW SCHEDULED FOR
JANUARY 29-FEBRUARY 3. BUSINESS EQUIPMENT COVERS SUCH
A BROAD RANGE OF PRODUCTS AND THE NUMBER OF END-USERS
IS SO VAST THAT IN OUR VIEW TWO SHOWS IN THIS FIELD
CAN BE SUCCESSFUL IN THE SPRING OF 1977. WE SUGGEST
THAT OIM PUT ONE PROJECT OFFICER ON THE TWO THEMES TO
ECONOMIZE ON PERSONNEL RESOURCES AND INSURE THAT THE
INTENDED IDENTITY OF EACH SHOW IS MAINTAINED. WE
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SUGGEST EARLY EXPLORATION OF THIS PROPOSAL WITH MANUFACTURERS TO DETERMINE THE VIABILITY OF THESE TWO SHOWS.

5. EMBASSY/CONTRACTOR-PREPARED STUDIES AND SUPPORTING DOCUMENTS BEING POUCHED TO USDOC C/O FIELD.
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